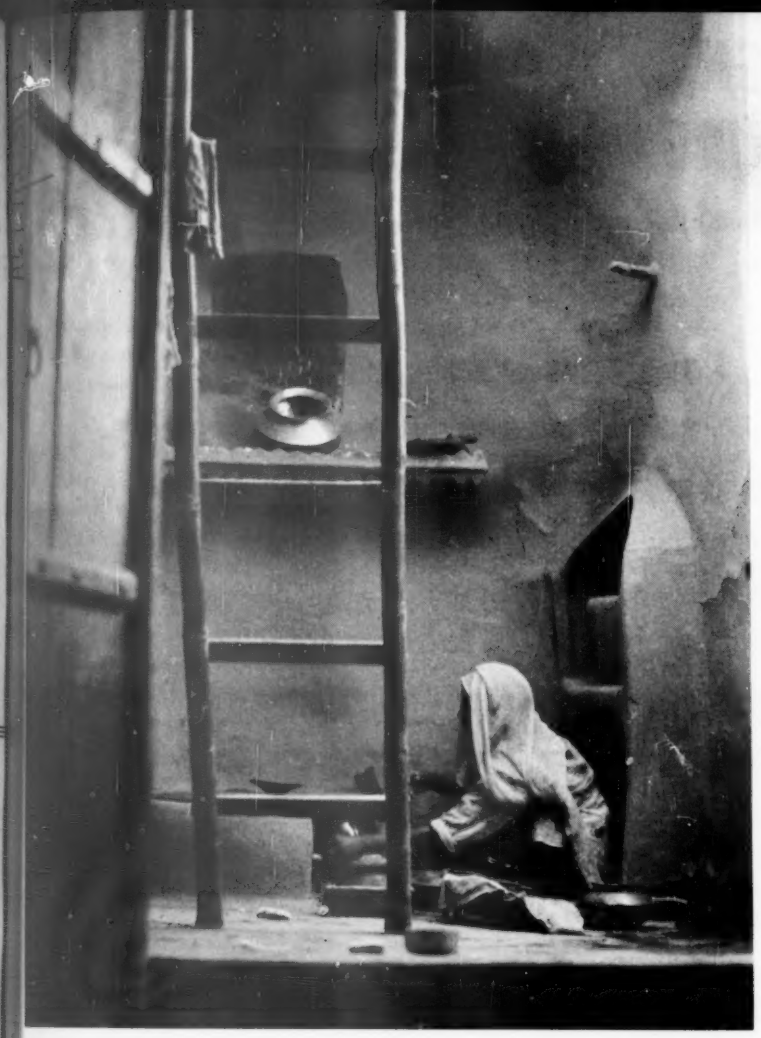


DECEMBER 20, 1965

INDIA'S FOOD EMERGENCY

PROGRESS MADE IN EEC'S AGRICULTURAL POLICY

HOLIDAY CAMPAIGNS FOR U.S. TURKEYS

JAN 1966
Documents
TTC
Library

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

DECEMBER 20, 1965

VOLUME III • NUMBER 51

The meal this housewife of India is preparing will be a scantier one this year, and at many a village table hunger will be an unwelcome guest. India's White Paper (see p. 5) describes the food emergency.

Contents

3 How Far the EEC Has Moved With Its Agricultural Policy

5 India's White Paper Gives Background on Food Emergency

6 New Survey Shows Nepal's Rice Exports to Neighboring India

6 Paraguay Has Bountiful Harvest of Its Major Commercial Crops

7 Milan's New Wholesale Market for Fresh Produce Is Italy's Potential Gateway to Northern Europe

8 The OECD—Forum for International Agricultural Discussions

9 Japan Raises Estimate of Its Wheat Import Requirements

10 Frankincense and Myrrh Are Ancient Treasures Still Moving in World Agricultural Trade Today

10 Mexican Oil Output Up

11 Annual Holiday Campaigns for U.S. Turkeys Now Underway in Western Europe and Japan

11 Cranberries Promoted for Christmas in U.K.

12 March Date Set for Tokyo Trade Center Exhibit Featuring U.S. Livestock Feeds and Components

12 $83-Million Barter Proposed On Uranium-Defense-Diamonds

13-16 World Crops and Markets (Commodity index on page 16)

Orville L. Freeman, Secretary of Agriculture

Dorothy H. Jacobson, Assistant Secretary for International Affairs

Raymond A. Ioanes, Administrator, Foreign Agricultural Service

Editor: Alice Fray Nelson **Associate Editors:** Ruth A. Oviatt, Kay O. Patterson, Janet F. Beal

Advisory Board:

W. A. Minor, Chairman; Horace J. Davis, John H. Dean, David L. Hume, Robert O. Link, Kenneth W. Olson, Donald M. Rubel, Quentin M. West.

This magazine is published as a public service, and its content may be reprinted freely. Use of commercial and trade names in the magazine does not imply approval or constitute endorsement by the Department of Agriculture or the Foreign Agricultural Service.

Foreign Agriculture is published weekly by the Foreign Agricultural Service, United States Department of Agriculture, Washington, D. C. 20250. Use of funds for printing this publication has been approved by the Director of the Bureau of the Budget (December 22, 1962). Yearly subscription rate is $7.00, domestic, $9.25 foreign; single copies are 20 cents. Orders should be sent to the Superintendent of Documents, Government Printing Office, Washington, D. C. 20401.

How Far the EEC Has Moved With Its Agricultural Policy

Though considerable progress has been made, the absence of France brought many of the Community's marketing proposals to a standstill this past year.

By JOHN E. MONTEL
U. S. Agricultural Attaché
The European Communities, Brussels

The European Economic Community, now in its eighth year, faces 1966 with its Common Agricultural Policy still far from completion.

As defined by the Treaty of Rome, the objectives of this policy are to increase agricultural productivity, insure a fair standard of living for the farm population, guarantee regular supplies of farm products, and insure reasonable prices to consumers of these products. As it has developed so far, the policy is characterized by a gradually emerging customs union for Community agricultural products and the creation of uniform, rather high protection against competitive agricultural products imported from third countries.

Stalemate reached this year

Until 1965, the success of the EEC Commission in formulating proposals acceptable to the six member states and the political will of the six governments acting in the Council of Ministers in approving them had been remarkable.

Community-wide marketing systems are now in operation for grains, pork, poultry, eggs, fruits and vegetables, beef, rice, and dairy products. Some of these marketing systems still require decisions on a common price to make them complete; others still require additional complementary regulations.

Proposals for unified marketing systems for other important agricultural products have been approved by the Commission and forwarded to the Council. The absence of France, however, has seriously hindered the Council in considering and subsequently approving them. Moreover, the Commission has not yet approved basic regulations for some products, for final approval by the Council. This is largely why 1965 has been the slowest year in terms of progress toward a Common Agricultural Policy.

What further business in pursuit of the Community's agricultural objectives has been delayed or hampered by the Council's present inability to act?

Sugar marketing

The Commission proposed to the Council a basic regulation for a Community marketing system in sugar. This proposal has been discussed at length in the Council and in its Special Agricultural Committee, in expert working groups, and in the European Parliament. Agreement on a target price—but more importantly, on production goals which would be acceptable on the one hand to German sugarbeet producer growers and on the other hand to less efficient and more distant Italian sugarbeet growers—has been and remains difficult to reach.

The eventual Community common target prices would probably be somewhat lower than the present German prices paid to farmers, but they will be above the French prices, which are the lowest in the Community. Since France has the greatest potential of any member state for expanding its sugarbeet production, a higher price threatens to aggravate further France's sugar-surplus position.

Fats and oils regulation

A market organization proposal for fats and oils has also been sent to the Council by the Commission. Most of the differences among the Six on the proposed basic fats and oils regulation have largely been resolved. All officials of the member states agree that relatively little additional discussion is needed for the Council to approve the regulation, and, once the Council begins to function normally, approval should be rapid.

One of the most important features of this basic fats and oils regulation is a proposed Community production (ex-factory) tax, which tentatively has been estimated at 1.64 cents per pound. The object of this tax is to produce about $87 million in revenue, which would be paid into the Community Agricultural Guidance and Guarantee Fund for: (1) financing improvements at the farm production level; and (2) some form of deficiency payments. This would affect the growers of olives, rapeseed, and sunflower seed. It is now the consensus in Community circles that $87 million will not be sufficient to finance envisaged improvements; consequently, the tax of 1.64 cents a pound may have to be increased to yield a larger sum.

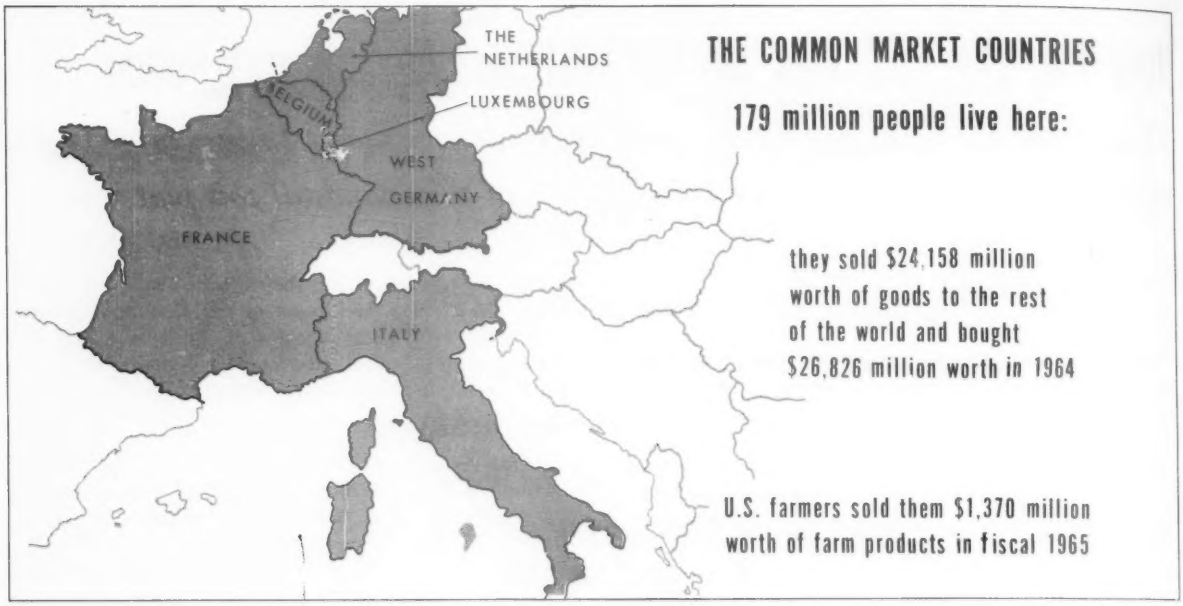
The proposed fats and oils regulation is accompanied by another regulation which would, for the most part, establish preferential arrangements for the Associated African States that produce these products. Similar preferential arrangements may be established for Greek olive oil, which competes with Italian olive oil.

Meat, live animals, poultry

The Commission has proposed to the Council a directive affecting the sanitary control of trade with third countries in meat and live animals. For those countries to supply meat and live animals to the Community, their sanitary control regulations would have to be identical with those of the directive. Until this directive is finally approved in the Council, a similar one affecting trade between the member states of the Community will apply to third countries.

No discussion has occurred thus far on the directive for third countries. In the meantime, the United States is making every effort to obtain formal assurances from the EEC Commission and from the member states that U. S. sanitary control regulations, at least equivalent in effect, will suffice.

A similar directive concerning sanitary control of trade in poultry and poultry meat was submitted to the Council well before the present difficulties and has lain dormant ever since. The positions of the member states on this direc-


THE COMMON MARKET COUNTRIES
179 million people live here:
they sold $24,158 million worth of goods to the rest of the world and bought $26,826 million worth in 1964
U.S. farmers sold them $1,370 million worth of farm products in fiscal 1965
THE NETHERLANDS
LUXEMBOURG
BELGIUM
WEST GERMANY
FRANCE
ITALY

tive diverge considerably, and the discussions thus far have not narrowed the differences.

Seeds and reproductive materials

Another basic regulation sent by the Commission to the Council is one that would establish a common policy for the production, marketing, and certification of seeds and other vegetative reproductive materials. (It affects silvicultural reproductive material as well.) This proposed regulation has not yet been examined by the Council. However, difficulties can be expected regarding the proposed requirement to identify and list the genetic background of reproductive material which is traded in the Community. This requirement could have a profound effect on U. S. sales of certain seeds.

The Council also has not yet discussed proposed regulations for the control of plant pests and others controlling the use of anti-oxidants in mixed feeds. Draft regulations on forestry and farm accounting statistics also have not been acted on.

Market organizations

All of these proposed regulations and directives would establish new Community systems. The Council, however, has not yet acted upon proposed measures which would modify existing Common Market systems or organizations.

The most important of these is a complementary fruit and vegetable regulation in which the Commission proposes to establish producer organizations. With Community financial help these organizations—which would be similar to producer cooperatives—would be responsible under certain conditions for disposal of surplus production. Envisaged disposal measures include internal sales with the help of subsidies, subsidized exports to third countries, and even destruction of surpluses. A companion proposal deals with quality standards.

Another similar but less important proposal to modify existing market organizations concerns the establishment of standards for quality wines. The highly complex nature and divergent interests of the national laws of the Community's three wine-producing member states account for the lack of progress in setting up these quality standards.

Finally, the Commission has not yet drafted a proposal for a basic regulation on a common tobacco market, and it still must propose common prices for grains, beef and veal, milk and dairy products, and rice. The Commission is expected to make these proposals soon.

Slowed down by France

The absence of France from the EEC Council of Ministers since the end of June 1965 has placed limitations on that body's capacity to discuss and act on all of these measures—except, of course, those that the Commission has not yet drafted. But France has an interest in insuring the functioning of market regulations that already are in operation, and therefore, has continued to participate in most discussions of the Commission's proposals and other matters concerning the existing Common Agricultural Policy regulations. It has done this in the various expert groups, in the Management Committees for the various products, and in the Council's Special Agricultural Committee. Agreement by the Six has been reached in the latter committee on some of these proposals by a so-called written procedure. This process enables the six governments to approve proposals in writing rather than during a formal Council session, thus circumventing a Council of Ministers session in which France would not be present.

If the EEC is to move ahead toward completion of the Common Agricultural Policy in 1966, the fundamental political problems that have led France to pursue its empty-chair policy in the Council of Ministers will have to be resolved. In lieu of a solution agreeable to the six member states, the Five could deliberate and take decisions in the Council of Ministers without France, on the basis of a qualified majority vote. (The qualified majority voting procedure, according to the Rome Treaty, becomes effective on January 1, 1966.) But a decision to proceed on this basis without France would be essentially a political decision of considerable import, which the five member states have not yet believed it necessary to take. Also, it is doubtful that France would agree to decisions taken by the Five.

India's White Paper Gives Background on Food Emergency

The past few weeks have brought an official statement by the Indian Government that the country's 1965-66 food situation is worse than had been thought. According to the White Paper released November 30, the fall and winter, or *Kharif*, crops (chiefly rice, corn, millets, and pulses), already known to be badly damaged by drought this summer, are now expected to drop at least 6-7 million tons below last year's—perhaps lower. Rice alone would account for 4-5 million tons of this decline.

Showers in September and October would have helped make up for the delayed and erratic monsoon, but they failed to occur. This has not only blighted kharif prospects in eight of the central and southern States—including three that are normally surplus producers—but has also hindered farmers of all these States in their planting of the spring, or *rabi*, crops (wheat, barley, and chickpeas). This continued absence of rain the government calls "a natural calamity of a magnitude unknown in recent times."

Only in five northern States are the kharif crops satisfactory; and though rabi crops were successfully sown there, their outturn will depend on the winter rains—the "golden showers" of late December and early January.

The White Paper describes also the various measures planned by the Indian Government to cope with the deepening food crisis. This emergency planning covers two broad fields—rationing and internal procurement.

Rationing program stepped up

The States have been advised to put into effect as soon as possible the introduction of statutory rationing in towns with a population of 100,000 and over as well as in heavily industrial areas. The White Paper points out that in view of the production shortfall, rationing will be necessary even in the traditionally surplus States, for only by cordoning off and rationing areas of high purchasing power—and thereby eliminating their pressure on market supplies—can availabilities in the rural areas be improved and price stability maintained.

Another merit of this proposal, according to the paper, is that available supplies can be distributed fairly by varying ration quantities in accordance with the supply position.

Statutory rationing has been in effect in Greater Calcutta since January 1, 1965; in the cities of Madras and Coimbatore, since October 1. Plans called for introducing it in Delhi no later than December 15. In the other States, preparations are being made, and it is expected that by January 1966 all cities with a population of 1 million and over and some strategic areas will come under statutory rationing. In the remaining towns, however, its introduction will have to be phased over a period of time, depending on the stock position. Meanwhile, informal rationing continues in most urban areas and in rural areas, with food grains distributed through the so-called fair-price shops, of which India now has somewhat more than 110,000.

Procurement problems

The government feels that, on the whole, efforts taken earlier in 1965 brought stability to the food front, although the States' demands for increased allocations of wheat and rice could not be fully met because of uncertainty with regard to both imports and crops and the need to build buffer stocks—especially in the context of the war emergency. The White Paper's estimate of total distributions to the States on Central account during 1965 is 5.8 million tons of wheat, 2.4 million tons of rice, and 96,000 tons of coarse grains.

With the expected big drop in rice production, the target for rice procurement—1.9 million tons—can hardly be met. The White Paper predicts that actual procurement will total about 1.6 million tons, for the ordinarily surplus States of Andhra Pradesh, Madras, and Orissa are having trouble this year in meeting commitments and making adequate supplies available to their deficit neighbors—Kerala, Maharashtra, Gujarat, and Mysore. In these States, ration quantities may have to be reduced.

The Central Government stresses the necessity of equality of sacrifice between regions and persons and of an all-out effort by the surplus States to procure as much grain as possible. Most States will continue to procure on the basis of voluntary offers and levies on the mills, but a number are also levying on producers and traders.

Other measures

The Food Corporation of India, which was established on January 1 last year to undertake the purchase, storage, movement, transport, distribution, and sale of food grains, has been gradually extending the scope of its operations. It has set up 8 regional and 19 district offices, and during the current kharif season it is expected to make direct purchases of rice and paddy in a number of areas. It will also purchase coarse grain and pulses.

The Central Government has urged the States to set limits to the number of guests at private parties and the number of courses that can be served. A publicity campaign exhorts everyone to save food and cut cereal consumption—particularly those who can afford to balance their diet by using substitute foods. These better-off citizens are also asked to avoid hoarding; and the Prime Minister has suggested that everyone skip a meal on Monday nights.

The White Paper points out that until the States can fully mobilize their internal resources and build up stocks, existing supplies will have to last as long as possible. It further states, "A rigid discipline and observance of austerity standards of consumption would be necessary even if imports of the desired quantity of food grains materialize."

President Acts to Ease India's Food Crisis

America's initial response to the Indian food emergency was President Johnson's December 9 order to make 1.5 million tons of food grains available for immediate shipment to India under Public Law 480. Shipments have normally run at about 500,000 tons a month. The possibility of earmarking additional grains for India remained open.

The President also authorized a $50-million loan to India to finance purchases of fertilizer for the spring rice crop. This will be matched by the Indian Government for a total of $100 million worth.

Announcing these decisions, Press Secretary Moyers said the President believes that all nations in a position to do so should join in an international effort to help India meet its grave food problem.

New Survey Shows Nepal's Rice Exports to Neighboring India

Nepal is a small country all too often considered to be lacking in economic resources. This is because of Nepal's isolated location, its lack of sophisticated government services, and the very limited information available on it. However, a recent survey [1] of Nepal contains much new information and shows that Nepal is a major supplier of rice to India and indirectly is important in the world rice trade.

It has long been known that Nepalese rice was exported to India, as customs statistics of both countries reflect this trade. But as the new study shows, the recognized trade in rice between these countries covers only a small percentage of the actual trade.

Estimates of Nepal's rice exports to India during 1964-65 vary from a minimum of 289,000 metric tons upwards to 451,000 tons. The actual level of exports appears to be toward the upper limit of these estimates.

Nepal specializes in rice

Nepal is not a major world producer of rice. But its production has grown to the extent that today rice exports to India are the most important factor in the national economy.

Essentially what has happened is that while other countries of the world have worked toward diversification, Nepal has found it profitable to develop a rice-based economy. Its total rice area between 1961-62 and 1964-65, according to the Agricultural Census, rose 12 percent, and its rice production jumped 26 percent, to 1.3 million metric tons milled basis. As of 1964-65, rice accounted for 68 percent of the country's total grain area compared with only 25 percent for corn, 4 percent for millet, and 3 percent for wheat or barley.

Favoring development of this rice industry is the convenient location of Nepal's grain-producing center—the Terai Belt—along the border of grain-short India. Terai, which accounts for 77 percent of Nepal's rice production and 60 percent of its total grain output, is geographically, ethnically, and economically an extension of India's Ganges Plain. Crop conditions in the Indian States of Bihar and Uttar Pradesh thus influence the market demand for Nepalese rice, as does the availability of rice and other grains in adjacent Indian States and of imported grain, which comes mainly from the United States.

Transporting the rice to India is made possible by the 14 rail lines that extend up from the narrow-gage system of northern India to terminals on the Nepalese border.

The pattern of land tenure in the Terai Belt has also served to direct the Nepalese economy toward rice exports. The ordinary claim of the landowner there is to 50 percent of the rice crop, and further deductions from the farmer's share are made to repay credit advanced for production costs. Much of this rice then finds its way into export.

Second survey reveals mill numbers

Another recent survey [2] discloses that there are 564 rice mills in the Terai Belt—and perhaps 200 more have since been licensed. Many of these were set up by Indians, with exports to India the main object and with Indian demand for available surplus rice often met first in preference to the requirements of the grain-deficit Nepalese hill districts.

These numerous factors favoring Nepalese-Indian trade, plus India's constant shortage of, and high prices for, rice, should serve to continue, and possibly increase, the "suction effect" on Nepalese rice. Though tiny Nepal has little room to expand rice area (cultivated land can increase only 7 to 10 percent), it could meet additional demand from India by raising yields. This, of course, would require heavy investment in irrigation facilities and chemical fertilizers.

—PAUL M. OVERHOLTZER
Grain and Feed Division, FAS

[1] *Cereal Grain Production, Consumption, and Marketing Patterns*, Nepal 1965. Ministry of Economic Planning, Katmandu.
[2] *First Industrial Survey*, Central Bureau of Statistics, Government of Nepal, 1965.

Paraguay Has Bountiful Harvest of Its Major Commercial Crops

Paraguay in 1965 enjoyed its second successive year of good crops. Although complete production data are not yet available, favorable weather plus expansion in agricultural colonies support predictions of gains in many of the country's commercial crops and in exports; the latter may hit a record level of over $50 million.

Soybean production has expanded rapidly in recent years, and about 13,000 tons were harvested this year from a planted area of 37,000 acres. Most of this is produced by Japanese colonists in southern Paraguay, and beans are exported to Japan.

The *tung nut* crop suffered from the frost last year, and the 1964-65 output will be only about 16,000 tons, but there has been no frost damage this year. Output is expected to increase in the coming years, as new plantations come into production.

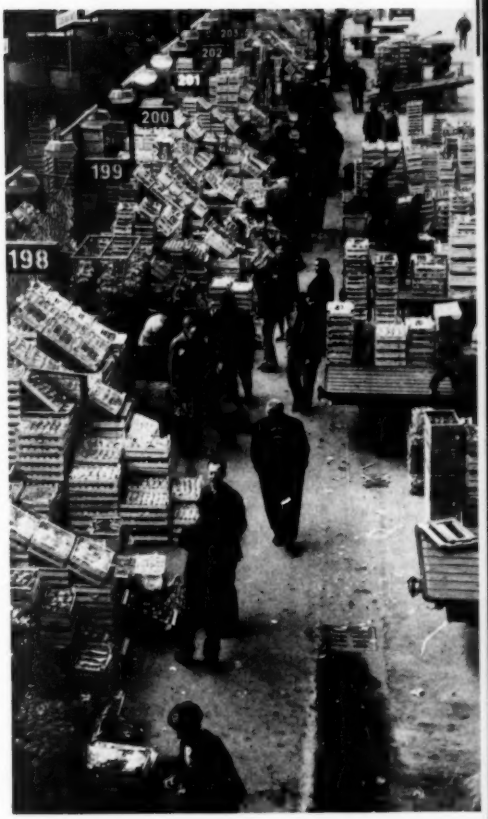
Production of *raw cotton* this year will be around 42,000 tons — the highest since 1951-52. There is some indication that producers are shifting to cotton from tobacco because of the more stable cotton prices.

The *coffee* crop was hit by a severe frost recently, and as a result, production will be sharply reduced next year. Output of *wheat* and *tobacco* this year will be about 10,000 tons each.

Observers feel there is considerable room for agricultural expansion in Paraguay, but marketing facilities have to be developed to take care of increased output. Presently, a road is being built connecting the Asunción-Brazilian border highway and the Concepción-Pedro Juan Caballero road, which will open up a new area in the eastern half of the country. A canning industry is now developing which will offer a market outlet for citrus and other fruit crops.

Beef production has been stable in recent years, but the strong European demand and a livestock loan from the International Development Association are encouraging improvements in the cattle industry. Paraguay's exports of frozen beef, which were reopened in 1964, are expected to exceed 5,000 metric tons this year.

Milan's New Wholesale Market for Fresh Produce Is Italy's Potential Gateway to Northern Europe



The latest in wholesale distribution of fresh fruits and vegetables in Milan—a market three times the size of the city's old one—was officially opened recently by Italian President Giuseppe Saragat.

Convenient to center-city, the airport, and main roads, the market is also connected with the Milan freight station by a special stretch of track. With a well-equipped market of this size and its strategic location, Milan hopes to become a central collecting and shipping point in the Italian Government's aim to send more produce to Central and Northern Europe.

Four large pavilions contain stands where wholesalers can show their produce undisturbed by the loading and unloading operations being carried on simultaneously.

For a quick check on the amount of each commodity in the market, wholesalers need only glance at the figures on electrically lit boards. Price and sales information is passed through a computer, and a list of prices for about 1,000 products is published daily.

The market's cold storage plant has a capacity of over 22 million pounds, with sufficient space for building facilities to double the volume. According to President Saragat, this is the largest cold store on the Continent for fresh fruits and vegetables.

In addition to the four pavilions and the refrigerated warehouse, the market includes an 11-story administration building housing inspection, tax, and statistical offices. Total cost of the operation was $18.4 million.

Whether Milan will become the gateway to Northern Europe for Italian fruits and vegetables is uncertain, as other traditional markets currently serve this purpose. However, its new market puts it well in the running.

—Dispatch from ROBERTO RAVENNA
U. S. Agricultural Office, Milan

Top, the sales pavilions in Milan's new produce market feature large individual stands and wide alleys for deliveries; right, space for unloading trucks and trains is directly outside sales areas; below, panoramic view shows cold store (foreground), sales pavilions, and administration building.

The OECD — Forum for International Agricultural Discussions

Late last month newspapers noted the high-level trade policy matters being discussed in Paris by ministers of the 21 countries that are members of the Organization for Economic Cooperation and Development. Unnoticed in these news reports, however, was the less dramatic but equally important fact that all 21 countries were not only continuing their longtime basic activities in OECD but were having—for the first time in the organization's 4 years of life—a complete exchange of information on their various agricultural trade policies.

Foreign Agriculture *discusses here some of these basic OECD activities as they relate to agriculture; it also sets forth the plans for the policy review by which OECD hopes to further its members' understanding of agricultural and trade problems that are of vital importance to them all. In future issues, the magazine will attempt to correlate the work of OECD with the reappraisal of world trade policies now going on in connection with the Kennedy Round of negotiations under the General Agreement on Tariffs and Trade.*

By GEORGE H. WHITE
Operations Analysis Division, FAS

The OECD and its various intergovernmental committees are increasingly recognized as an important forum for discussing international agricultural policy problems that are of concern to all the member countries. OECD has begun its fifth year deep in a comprehensive review of its members' foreign and domestic agricultural policies—the first such review since the one made in 1961 by its predecessor, the Organization for European Economic Cooperation.

The transformation of the older OEEC into the newer OECD came about after the original OEEC aim—the postwar reconstruction of the Western European economy—had been met, and Western Europe had moved into a period of dramatic economic expansion.

The entry into force of the OECD Convention on September 30, 1961, reflected the fact that this great economic progress had put Europe in a position to look outward in the direction of new and important cooperative endeavors with the rest of the Free World. The new organization sprang out of two broad basic needs: That of uniting the interests of countries in the North Atlantic area, to strengthen the Free World; and that of creating a forum of principal Free World economic powers, to discuss major policy problems more effectively.

OECD's aims and organizational setup

The threefold aim of the OECD has been—

- to contribute to the development of the world economy by achieving a rising standard of living and the highest sustainable economic growth and employment in member countries, while maintaining financial stability;
- to contribute to sound economic expansion in member countries and in nonmember countries that are in the process of economic development;
- to contribute to the expansion of world trade on a multilateral, nondiscriminatory basis in accordance with international obligations.

There are 21 member countries in the OECD, each represented by a permanent delegation, with offices in Paris. Members are—

Austria	Iceland	Portugal
Belgium	Ireland	Spain
Canada	Italy	Sweden
Denmark	Japan	Switzerland
France	Luxembourg	Turkey
West Germany	Netherlands	United Kingdom
Greece	Norway	United States

Two other countries—Yugoslavia and Finland—have special status within the OECD.

The OECD carries out its aims through a number of intergovernmental committees, including the Committee for Agriculture, the Economic Policy Committee, and the Trade Committee.

The Committee for Agriculture has become increasingly important as a forum for reviewing policy problems of mutual concern to member countries. In 1962, this committee, meeting for the second time at the ministerial level, discussed three such problem areas: International agricultural trade, the reconciliation of national agricultural policies, and food aid to developing countries.

Out of this meeting came the adoption of an OECD Council resolution that member countries, and groupings of member countries, should formulate their agricultural policies in the light of international trade responsibilities as well as domestic considerations and should seek solutions to domestic problems that would not jeopardize international trade in agricultural products.

USDA participation increases

The 1962 meeting of the Committee on Agriculture, and the resolution it passed, gave the impetus for increasing USDA participation in the Committee activities that directly relate to trade policy.

These activities are directed toward two general areas: Agricultural policies and improvement of trade and marketing conditions. The Committee's Working Party No. 1 deals with the first broad area; Working Parties No. 3 (dairy products), No. 4 (meat), and No. 5 (fruit and vegetables), as well as the Joint Working Party (JWP) of the Committee for Agriculture and the Trade Committee, are all concerned with the second area.

Working Party No. 1 has completed two studies entitled *Low Incomes in Agriculture* and *The Interrelationships Between Income and Supply Problems in Agriculture.*[1] Its major activity this year is a new general review of the agricultural policies of member countries, which will be an important and valuable exercise.

Scope of agricultural policy review

Not since 1961, the final year of OEEC, has there been an overall review of agricultural policies. The development of such policies in recent years has led to changes, par-

[1] The first of these has been published and is available from the OECD sales agent in the United States, the McGraw-Hill Book Company.

ticularly in international trade, which make a complete understanding of their provisions and their implications especially desirable now.

The review is being conducted on a country-by-country basis with individual country examinations; it will include the common agricultural policy of the EEC and the agricultural arrangements of EFTA. The individual examinations are aimed at stating as clearly as possible the problems each country faces in agriculture and at relating these to growth within the country. Of particular interest is that part of the review dealing with international implications of the various agricultural policies.

The commodity Working Parties are continuing their periodic examinations of the marketing situation and the short-term trade trends for their respective commodities. They also study measures taken within the framework of national policies and of economic groups and relate these to developments in international trade.

Longer term studies have been undertaken too. One focuses on the production and market trends for fruit and vegetables; another on the factors influencing beef production.

FAS initiative accepted

USDA's Foreign Agricultural Service has been directly involved in the conduct of two annual JWP reviews. One deals with aids to exports of agricultural commodities; the other with changes since 1961 in import systems for agricultural products. New procedures recommended by FAS on the basis of its participation in the annual "aids to exports" review have now been accepted and are being used, so that henceforth these reviews will be both less time-consuming and more adequate.

Under the new procedures, member countries are submitting information on their export aids by commodity groups and without distinguishing between direct and indirect measures. At the same time, the JWP is conducting its examinations of the measures on a commodity basis in order of notification.

FAS also initiated and gained acceptance for a proposal that the JWP undertake a special review of export aids for broilers. This suggestion grew out of a Secretariat proposal that member countries study the possibility of setting up certain rules for granting export aids.

USDA views on OECD function

All this activity leads to the obvious question, What is the U.S. purpose in working with the OECD on agricultural trade? It may seem trite to respond by saying that the United States is trying to carry out the aims of the OECD, but this is actually the case. The three problems discussed by the Committee on Agriculture in 1962—international agricultural trade, the reconciliation of national agricultural policies, and food aid to developing countries—are still basic. In fact, their importance is growing rather than diminishing. Their solution will require the mutual endeavors of countries that are part of the Free World.

The OECD's Committee for Agriculture and Joint Working Party provide a mechanism for dealing with these problems, by affording governments a forum where they can meet and work with open minds. This continued opportunity may help to make all the member governments more keenly aware of their international responsibilities with respect to agriculture.

As Secretary Freeman said at the 1962 meeting, "The increasing interdependence within the Free World community of nations ... imposes on every member country—whether an importer or exporter—the obligation to develop domestic agricultural programs within an international context."

Japan Raises Estimate of Its Wheat Import Requirements

Japan will need to import 70,000 metric tons more wheat during its current fiscal year than the Japanese Food Agency originally estimated last February. The revised import requirement for the year ending March 31, 1966, totals 3,539,000 tons.

The U.S. share of this expanding Japanese wheat market is also on the upswing. In the first 9 months of this calendar year, the United States supplied 55 percent of total wheat imports, compared with 50 percent in the same period a year earlier. Contributing to the increase are reduced freight rates for wheat to the Pacific Northwest and favorable reactions by the Japanese to the quality and prices of the U. S. Hard Red Spring wheat they are importing this year on an experimental basis.

This September, when the Food Agency revised its original JFY 1965 import plan, it had available the actual figures, rather than forecasts, for beginning stocks this past April 1 and for domestic production. It also had further information on consumption of wheat products.

Good weather, good harvest

Japan's 1965 wheat harvest was 1,287,000 tons—3 percent more than in 1964. Harvested area, however, dropped 6 percent to 1,176,000 acres, continuing the long-term downward trend in area planted to winter crops. It was only the unusually good growing and harvesting weather, boosting yields by 10 percent, that prevented a decline in production also.

As wheat plantings have decreased, the growing popularity of foods made from wheat flour has been pushing wheat consumption upward at an annual rate of 2.5 to 3 percent. In JFY 1965, total disappearance (including farm use) is expected to approach 4.8 million tons. With domestic output only about 1.3 million tons, utilization of imported wheat will be about 3.5 million. At least half is expected to come from the United States.

DNS purchases

The U.S. Dark Northern Spring purchased in June and July was well received by the Japanese industry, and purchases were then begun as an integral part of the Japanese import plan. This decision was no doubt spurred by the tight shipping situation which developed in Canada as a result of the Vancouver shipping strike in July and August.

The Japanese Food Agency is now studying the quality and availability of Manitobas from Canada's 1965 crop. Future Japanese imports of U.S. spring wheats will be influenced by the results of this study and by whether or not the United States continues to make ample supplies of acceptable-quality DNS available at west coast ports.

Frankincense and Myrrh Are Ancient Treasures Still Moving in World Agricultural Trade Today

The fragrant gum resins frankincense and myrrh were as precious as gold in ancient times—both for their scarcity and for their many aesthetic and medicinal uses. In these days, they had few, if any, competitors. But today, science, synthetics, and the rapid movement of trade around the world have relegated these once-valued resources to a "basket" trade listing—"miscellaneous items of vegetable origin of only slight importance."

Nonetheless, frankincense and myrrh are still important to some countries. The trees that produce them grow in semiarid areas of Southern Arabia, Asia, and East Africa, and there today's shepherds and herdsmen—like those of 2,000 years ago—gather them for their cash or barter value. Although modern demand is not great, the gums will probably continue to be a modest source of income in these areas.

Two decades ago, the United States was importing some 30 metric tons of frankincense and myrrh a year, valued at about $20,000. Today, U.S. import statistics lump them with all other gum resins. In 1964, total imports from the major source countries—Arabia, Aden, the Somali Republic, and Ethiopia—amounted to roughly 130 tons, valued at $62,620.

What they are, how used

Frankincense, also called olibanum in world trade, is the transparent sap that oozes from the slashed cortex of trees of the genus *Boswellia*. Left on the tree for months to harden in the air, it is then collected in tear-like balls that acquire a whitish exterior. There are several varieties and grades.

Myrrh is an aromatic gum resin that exudes naturally from trees and bushes of the genus *Commiphora*. Usually reddish-brown, it is bitter to the taste and somewhat pungent.

The incense gums, being a commodity regularly used in the ancient world, are mentioned a number of times in the Bible. Probably the best-known reference is Matthew 2:11, which tells of the gifts of the Magi to the infant Jesus—"gold, frankincense and myrrh," apparently of equal worth.

Multiple utility as well as scarcity was the key to this high value. The ancients used incense for religious ceremonies, to sweeten burnt offerings, to embalm the dead, on funeral pyres, to disinfect, and as medicine for a long list of maladies. They also used it for civil celebrations, at marriage ceremonies, as personal perfume, and to anoint the heads of kings and perhaps the feet of honored guests.

Records from ancient Egypt refer to caravan journeys made as early as 2800 B.C. for the purpose of obtaining incense gums. These point to the well-established use of incense even at this early date. In fact, there is evidence of heavy use all over the ancient world. Tons of incense were burned in the temples of Babylon and Nineveh; Arabs brought it to Persepolis as a tribute to Darius. It was also used in ancient India, and is still used by the Parsees of western India.

Today the incense gum resins are used as a fixative in perfume, in face powder, for fumigants and pharmaceuticals, as an important ingredient in mouthwash, and also for some of the same purposes as in ancient times.

Where incense gums are produced

One of the most storied sources for incense is the southern part of the Arabian Peninsula, principally the Hadhramaut and the Dhofar area of the Sultanate of Muscat and Oman. Before the days of Solomon and through the time of Christ, a trade route known as the Incense Trail crossed the Hadhramaut from eastern Arabian ports, passing incense collection points all the way to the Mediterranean. This trail was most famous between 800 B.C. and 600 A.D. However, intertribal warfare destroyed most of the trees, and they are not plentiful today. Some frankincense is, however, still produced; it sells in Dhofar at $50 to $300 per metric ton.

Eastward, in Asia, there are native species of Indian trees that differ slightly from the Arabian. Indians have used incense from their own trees as well as imports from Arabia since the dawn of history.

In East Africa, Somalia and Ethiopia have been the important producing areas, and unlike Arabia, they have kept up a fair amount of production.

Somalia in recent years has been reported to produce over 60 percent of the world supply of frankincense and myrrh. Within the past decade, however, the harvesting, marketing, and export of this resource appears to have dropped off. Only 236 tons were exported in 1962, compared with four times that amount 10 years earlier.

In Somalia, the work of notching the frankincense trees and later collecting the coagulated gum resin has often been combined with other activities such as herding, fishing, and trading. The marketing side of this activity is, however, being modernized by encouraging the collectors to form cooperatives. These groups sell the product to a government organization that cleans and grades it for export.

In Ethiopia, there are several species of incense trees, and there as in Somalia the gum has been harvested and marketed on a cash or barter basis. No doubt in the past some of Ethiopia's gum has passed through Somalia and been tallied in that country's trade. In any case, Ethiopia's gum export trade also appears to be dwindling. In 1958, Ethiopia exported about 2,000 metric tons to 19 or more countries, but by 1962, it had 6 markets.

—H. CHARLES TREAKLE
Foreign Regional Analysis Div., ERS

Mexican Oil Output Up

Although preliminary estimates place Mexico's vegetable oil output for 1965 above last year's, the nation's supply is expected to tighten as a result of increased consumption brought on by higher incomes and rising population.

Production of vegetable oils this year is forecast at 340,000 metric tons, compared with 313,000 last year. However, if growing needs are to be supplied, considerable increases in production and/or imports will be mandatory in the next few years.

It is possible that some wheat land in irrigated areas may be diverted to vegetable oilseeds—particularly safflower and soybeans. Government encouragement and high prices have generated interest among farmers in the State of Sonora in growing sesame, an interest that may be furthered by a surplus in wheat.

In the first 6 months of 1965, Mexico imported 20,000 metric tons of oil—18,000 of refined cottonseed oil and 2,000 of soybean oil. These imports were above those for the comparable period of 1964 and came from the United States in a barter transaction.

Annual Holiday Campaigns for U.S. Turkeys Now Underway in Western Europe and Japan

U.S. turkeys are finding their way to more holiday tables around the world each year as FAS and its poultry cooperator beat the drumstick for the traditional bird in stepped-up promotion campaigns for the upcoming holiday season.

The six major target countries for 1965—all but one in Western Europe—last year bought nearly $8 million in turkeys from the United States and should top that figure this season.

Biggest turkey market for the United States is West Germany where major food chains and retailers expect successful 1964 holiday sales to repeat themselves this year. Last Christmas, Germany's huge GEG chain promoted U.S. turkeys in 236 cities through 15,000 food retailers. By marking the turkeys down to 53 cents per pound—25 percent below their normal European retail price—GEG made American turkeys competitive with Polish holiday geese.

Germany's Zentrag chain, representing some 20,000 butchers, featured U.S. turkey as the number one holiday dish. German supplies of the American birds were depleted early and new supplies were flown in to meet demand. Consumers were so receptive to the low-fat, high-protein turkeys that German retailers feel they need not depend on price alone this year to make sales.

During the holiday season German stores will have bigger, more seasonal point-of-sale posters and window streamers, and more frequent advertising on radio. Press conferences in Berlin and Frankfurt this month will launch the campaign for major media as well as key members of the trade.

Two innovations in the German campaign this year, which are to be tried also in Switzerland and Austria, are turkey recipe pamphlets and 250,000 colorful polyethylene shopping bags for customers. Both plug U.S. poultry for holiday meals and are jointly financed by FAS, the poultry cooperator, and the European food retailers distributing them.

The poultry campaign in Italy got off to an early start this year with a successful buildup of Thanksgiving as an American holiday with turkey the traditional bird. Italy is one of the United States fastest growing markets for poultry meat—in 1960 the country imported 8 metric tons; in 1964, 790 metric tons. It is now the third largest market for U.S. turkeys and has begun to consume them as a Christmas dish. The bird has been especially popular in the face of current red meat shortages. This year's seasonal program will step up advertisements in quantity and frequency, with larger more holiday-oriented pictures of whole chicken and turkeys.

Christmas poultry campaigns in Belgium, Luxembourg, and the second largest U.S. market, the Netherlands, were kicked off early this month with three newspaper ads promoting whole turkey, and turkey and chicken parts. Food retailers in Brussels, Amsterdam, Ghent, Rotterdam, Antwerp, Luxembourg, and the Hague will have a special Christmas feature—fold-up cardboard gift boxes for customers to encourage their buying U.S. turkey for Christmas presents.

In Japan, where the traditional gift-giving holiday is New Year's, U.S. poultry promoters have capitalized upon the idea of turkey as a present. Boxes of canned poultry were promoted as gift items on a limited scale last year and were so well received the United States had traded some 63,000 pounds with Japan by the end of 1964. Sales for the first 9 months of 1965 have reached 45,000 pounds and holiday buying under the same promotional scheme this year is expected to bring the year's total to 90,000.

Christmas, although not a national holiday in Japan, is included by many in the New Year holiday season, and turkey is becoming the feast bird. Last year Japan bought 290,000 pounds of whole turkeys from the United States with holiday buying providing a substantial stimulus to sale totals.

Cranberries Promoted for Christmas in U.K.

The U.S. Trade Center in London devoted its front window on busy St. James Street for several weeks before Thanksgiving to a contest promoting the holiday use of U. S. cranberries.

The contest, sponsored by Ocean Spray cranberries, is offering free turkeys each week until Christmas to consumers who correctly identify something unusual in a turkey carving picture appearing in British magazines. To be eligible, contestants must send in two labels from cranberry cans.

The Cranberry Institute cooperates with the Foreign Agricultural Service in overseas promotion, most of which—by agreement within the U.S. cranberry industry—features the brand name of Ocean Spray, by far the biggest exporter of U.S. cranberries.

March Date Set for Tokyo Trade Center Exhibit Featuring U.S. Livestock Feeds and Components

The U.S. Department of Agriculture has invited manufacturers of livestock feed ingredients and components to display and promote their products at the U.S. Feed Trade Exhibit and Seminar scheduled for the U.S. Trade Center, Tokyo, Japan, March 7-18, 1966.

The Department is sponsoring the Tokyo exhibit in cooperation with the U.S. Feed Grains Council. Other cooperating groups include the American Soybean Association, the National Renderers Association, and U.S. poultry breeding associations.

Products eligible for display include virtually all items, products, or ingredients grown, produced, manufactured, or originating in the United States, that can benefit animal nutrition and production.

Such items and products may include feed grains, protein concentrates, renderers' products, and additives that are used in feed mixes and formulations. Machinery and equipment are not eligible unless such items would enhance the demonstration and promotion of a feed ingredient or product in an exhibitor's display.

All exhibited items and products must be available for export to Japan.

The seminar, to be held concurrently in the Trade Center with the exhibit, will feature presentations on livestock nutrition and management by several U.S. experts, now being selected from industry, the U.S. Government, and State land-grant colleges. Seminar presentations will emphasize the benefit of U.S. feed ingredients in profitable poultry production. The modern approach to swine production and management also will be featured.

Japan is the leading foreign market for U.S. agricultural exports. Farm product shipments to Japan rose to a record $750 million in the 1964-65 fiscal year, or 12 percent of all U.S. agricultural exports.

With its growing poultry and livestock industry, Japan is our largest feed grain customer, taking more than one-fifth of the total exported. It is currently buying more than $100 million worth of U.S. corn a year, as well as substantial amounts of grain sorghums, barley, soybean meal, and other feeds and feed ingredients. It is also a major dollar customer for U.S. wheat, cotton, soybeans, hides and skins, rice, tallow, tobacco, and other farm products.

Information on the Tokyo event, including participation agreement forms, is being mailed to firms in the U.S. feed ingredients and related industries. Further information and copies of the participation agreement may be obtained from: Clarence D. Palmby, executive vice president, U.S. Feed Grains Council, 1030 - 15th St., N.W., Suite 540, Washington, D.C. 20005.

$83-Million Barter Proposed On Uranium-Defense-Diamonds

U. S. firms have been invited to submit offers to accept and export about $83.1 million of surplus agricultural commodities and in return to establish payment arrangements for the $22.4-million balance of the long-standing Atomic Energy Commission contract for uranium concentrates and for $33 million of supplies and services required for Defense Department installations abroad, and to deliver $27.7 million of industrial diamond stones and bort for the supplemental stockpile. The industrial diamond stones and unfragmented bort must be legally mined in and exported from the Democratic Republic of the Congo (Leopoldville) and meet National Stockpile Purchase Specification P-19-R.

This project is designed to use agricultural exports to benefit the U. S. balance of payments by financing an existing Atomic Energy Commission obligation and planned Defense Department procurements abroad, and to further U. S. foreign policy interests in the Congo. In this connection, one purpose is to support the Congolese Government's stabilization efforts; procurement of diamond materials will proceed in consonance with appropriate actions of the Congolese Government toward this objective.

Offers must be received in the Office of Barter and Stockpiling, FAS, by 5:00 p.m. e.s.t. on January 7, 1966.

Proposals must be submitted by completing and signing a contract form which, when signed by Commodity Credit Corporation, will constitute the agreement. (Only offers submitted in this manner will be considered.)

The announcement, containing detailed information and instruction, as well as the contract form, may be obtained by writing to the Office of Barter and Stockpiling, USDA, Washington, D. C. 20250.

AID Booklet Helps Exporters

Agricultural exporters, as well as others interested in selling to the developing nations, will find helpful the Agency for International Development's new guide, "Commercial Exports Under Aid Programs." For booklet write: Office of Material Resources, AID, Washington, D.C. 20523.

Commonwealth Sugar Agreement Extended

The United Kingdom Ministry of Agriculture announced on November 30 that agreement has been reached among member countries of the Commonwealth Sugar Agreement for price and quota arrangements for the years 1966 through 1968.

The Negotiated Price for sugar has been fixed at £43.10 per long ton (US$108.75 per short ton), f.o.b. stowed bulk 96°. The Negotiated Price for 1965 was £42.

In addition, a special payment will be made for sugar from less developed exporting territories in the Agreement. This special payment will be calculated annually and will vary inversely with the world price. The special payment will consist of a fixed element of £1.10 per ton plus a variable element, ranging from £2.10 per ton when the world sugar price is less than £31 to nil when that price is £39 or above.

New articles for the Commonwealth Sugar Agreement will come into force on January 1, 1966. The new articles provide that Negotiated Prices under the Agreement will be 3-year prices and will be fixed at triennial reviews on the basis of annual cost data for the years up to and including the year preceding the review. The new provisions also take into account the suspension of the Rhodesian Sugar Assooiation from membership in the Agreement.

Iran Attempts Sugarbeet Expansion

A team of 12 agricultural experts and technicians recently left Iran for Belgium to study modern methods of sugarbeet cultivation and sugar production. After a year in Belgium, these experts will supervise beet cultivation and sugar production in Iran's major beet factories.

The Iranian Government is stressing increasing yields now produces about 220,000 tons of sugar, but it still imports about two-thirds of its total sugar requirements.

Greece Announces New Cotton Subsidy Program

The Government of Greece recently announced that, effective with the 1966-67 crop, cotton growers will receive a subsidy of 1.5 drachmas per kilogram for unginned cotton (about 2.25 U.S. cents per lb.). Based on a projection of the 1964-65 average national yield—about 450 pounds of lint cotton per acre—this would give an average payment of about $30 for the seed cotton produced on an acre.

This will mark the first time that Greece has elected to pay a subsidy on the quantity of cotton produced. The previous policy, initiated in 1960, has been to pay a land subsidy, which, for the 1965-66 crop, was 150 drachmas per stremma (US$20.25 per acre) for irrigated cotton and 90 drachmas (US$12.15 per acre) for nonirrigated cotton. Thus, the new program will provide a sharp increase in the subsidy to growers and may well result in expansion of the area devoted to the 1966-67 crop.

The 1965-66 crop is now estimated at 330,000 bales (480 lb. net), 6 percent above 1964-65 production but well below the record crop of 448,000 bales in 1961-62. During 1965, Greece imported 15 mechanical cotton pickers that were employed in the harvest just completed. A drastic reduction in available farm labor has been reported in Greece, and mechanical picking could well increase sharply in the future.

Consumption of cotton in 1964-65 amounted to a record 175,000 bales, 9 percent above 1963-64. During the current season, consumption is expected to surpass last season's.

Cotton exports from Greece in 1964-65 (August-July) amounted to 167,000 bales, 37 percent below the 1963-64 exports of 263,000 bales. The sharp decrease in exports is attributed to the smaller 1964-65 crop. Imports in 1964-65 were 46,000 bales (mostly from Turkey and Syria), more than four times the 1963-64 imports of 10,000 bales.

Quantities shipped to principal destinations in 1964-65, in thousands of bales and with comparable 1963-64 figures in parentheses, were Yugoslavia, 57 (47); USSR, 26 (21); Poland, 23 (27); Portugal, 13 (23); Hungary, 11, (33); Netherlands, 10 (17); Bulgaria, 9 (21); and Czechoslovakia, 7 (7).

West Germany Importing Less Cheese and Butter

West Germany's imports of cheese during January-August 1965, at 174 million pounds, were 14 million pounds less than in the same period of 1964.

Although shipments from the Netherlands, the largest single supplier, were up 11 percent to 75 million pounds, this increase was offset by reduced trade with several other traditional suppliers. Denmark shipped 49 million pounds, 10 million pounds less than a year ago; France, 28 million pounds compared with 34 million; and Finland and Norway, less than 1 million pounds each as against 3 million. There was some increase in trade with Belgium and Australia.

Imports of butter in the first 8 months of 1965, at 15 million pounds, were less than half those of the comparable period of 1964. Receipts from France declined from 12 million pounds to 9 million. There were no shipments from Australia and New Zealand, which, in the same period last year, accounted for approximately 25 percent of total butter imports. Imports from Denmark and Belgium—at 3 million and 2 million pounds respectively—were slightly larger than a year ago.

Butter exports totaled 18 million pounds and went entirely to Italy (11 million) and France (7 million).

Chile Anticipates Small Harvest of Export-Type Beans

The 1966 Chilean bean harvest, which begins in February, is expected to be short of export-type beans. Prices are high and are expected to continue upward.

Export availability of the three major export classes of beans is forecast at 14,500 metric tons. This compares with 18,500 tons exported in 1963—the latest year for which export data are available. Estimated availability of each class follows, with 1963 exports in parentheses: Arroz, 7,500 tons (9,839); Cristoles, 5,000 (6,777); and Red Kidneys, 2,000 (1,889).

Current stocks of these beans are negligible, but prices are quoted at $280 per metric ton ($12.70 per cwt.) c.i.f. Hamburg for Arroz beans and $287 per ton ($13 per cwt.)

for Cristoles. Red Kidney beans are quoted at $285 per ton $12.95 per cwt.) c.i.f. Panama. Chileans expect prices to increase further as the season advances.

Acreages of the three major export classes of beans in 1966 follow, with comparative 1965 figures in parentheses: Arroz, 22,240 (31,700); Cristoles, 13,590 (22,040); and Red Kidney, 5,436 (3,410). The 1966 planted acreage of non-export-type beans is estimated at 15 percent above last year. Quantitative figures are not give for the latter.

Another Short Lentil Crop Forecast in Chile

The 1965-66 lentil harvest now underway in Chile is forecast at 14,720 tons—the same as last year's crop, but 17 percent below the average of the previous 3 years.

Severe weather conditions during the winter, characterized by excessive rains, resulted in reduced acreage. However, growing conditions in spring and early summer were favorable, and an average yield is expected.

While practically no exportable stocks are available, asking prices are quoted as follows: $270 per metric ton for 7-millimeter lentils, $230 for 6-millimeter, and $210 for small sizes.

Last year, 2,992 metric tons of large and 1,110 tons of small lentils were exported.

Ontario's Flue-cured Auction Prices Strong

Flue-cured auction daily prices for the 1965 tobacco crop in Ontario, Canada, have advanced 6.3 Canadian cents from the opening daily average price of 57.3 cents per pound.

A new record for daily auction prices—63.6 Canadian cents per pound—was set on November 26. This was the highest daily price under the present marketing board, which was established in 1957.

An alltime daily high sale of 2,422,563 pounds occurred on November 22. Sales for the week ending November 26 amounted to 11.7 million pounds at an average price of 62.9 Canadian cents per pound. This weekly average price compares with 62.1 cents for the week ending November 19, and 58.4 cents for the first week ending November 12, 1965.

Cumulative sales through November 26 totaled 27 million pounds, at an average price of 61.9 Canadian cents per pound. This average price compares with 57.4 Canadian cents last season, when 22.3 million pounds were sold during the first 12 days of sales.

India's Castor Oil Exports Decline

India's exports of castor oil during January-August 1965 were only 9,085 metric tons, compared with 13,437 tons in the first 8 months of 1964. For calendar 1965 they are expected to approximate only 12,000 tons, against 24,034 last year.

About 94 per cent of the 1965 exports through August went to the USSR, but none went to other Communist countries in contrast to almost one-third of the total in the comparable period of 1964. Moreover, the United Kingdom, once the largest buyer of Indian castor oil, took only 44 tons, against 7,143 tons in the same period last year.

The decline in exports is attributed to the high price of Indian oil. Purchases by the USSR are explained by the India-USSR rupee-payment agreement under which the USSR apparently utilized its rupee credits in spite of the high commodity price.

Prices of castor beans and products rose sharply in 1964 and still further in 1965. Wholesale prices as of October 15 were as follows, with quotations on January 17, 1964, in parentheses: Castorbeans, Bombay, bold, 9.4 cents per pound (6.0); castor oil, Bombay, commercial, 18.9 cents per pound (13.0); and castor cake, Bombay, decorticated, $78 per metric ton (51).

Factors contributing to rising prices include increasing internal demand, persisting inflationary conditions, and the general shortage of commodities, while production has remained stagnant at about 100,000 tons. Because of the present high prices of edible oils, the mixing of castor oil with edible oils is said to have increased, possibly to as much as 20 percent (depending upon the area), thus creating a new demand. Ordinarily, it is used in soaps and lubricating oils and mixed with kerosene for lighting.

Tunisian Olive Oil Exports Increase

Tunisia's exports of edible olive oil during the 1964-65 marketing year (Nov. 1-Oct. 31) totaled 53,804 metric tons, compared with 43,928 in 1963-64 and annual average exports of 43,160 in the past 4 marketing years.

France continued to be the major market for Tunisian olive oil, accounting for more than one-half of the total despite the 17-percent ad valorem French import tax. Italy continued as the second major market, accounting for about one-fourth.

Despite estimates of a smaller outturn from 1965 crop olives (roughly 60,000 tons), exports this season are expected to continue strong. This expectation reflects the report that stocks on November 1, at 43,000 tons, were sharply above those of a year ago. Furthermore, sizable imports of seed oils for domestic use are anticipated.

TUNISIAN OLIVE OIL EXPORTS

Country of destination	Year beginning November 1				
	1960	1961	1962	1963	1964
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*	*Metric tons*
United States	977	3,550	455	1,448	2,609
Cuba	---	5,630	---	---	---
France	22,541	18,849	8,195	26,236	28,281
Italy	6,055	15,849	18,282	5,366	13,201
Bulgaria	---	1,376	---	301	513
Czechoslovakia	943	1,494	250	2,050	2,624
Germany, East	180	---	---	145	160
Poland	---	1,037	743	1,596	1,479
Yugoslavia	2,923	1,658	300	298	383
USSR	2,980	3,282	1,154	1,000	1,241
Mainland China	---	400	---	500	300
Others	[1] 6,201	3,914	275	[2] 4,988	[3] 3,013
Total	42,800	56,259	29,654	43,928	53,804

[1] Includes 3,546 tons to Greece and 1,171 to Libya. [2] Includes 3,713 tons to Libya and 1,106 to Morocco. [3] Includes 2,206 tons to Switzerland.

Compiled from official and other sources.

United States Reduces Tung Oil Imports

In the 1964-65 marketing year (November-October), net imports of tung oil into the United States totaled 24.2 million pounds, 15 percent less than the 28.4 million pounds imported in 1963-64.

Reduced takings from Paraguay, representing less than one-fourth of the total, accounted for the decline. However, imports from the major supplier, Argentina—which ac-

counted for about 70 percent of the total—were slightly above those in 1963-64.

U.S. imports of tung oil in the current marketing year are expected to decline to about 20 million pounds.

U.S. IMPORTS AND EXPORTS OF TUNG OIL

Country	November-October 1960-61	1961-62	1962-63	1963-64	1964-65
Imports:	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
Argentina	22.1	16.4	13.4	16.8	17.0
Brazil	.5	.7	1.6	1.3	1.2
Paraguay	3.0	---	5.1	11.0	5.4
Malawi [2]	.2	---	.1	.4	.3
Others	---	---	.1	---	1.1
Total	25.8	17.1	20.3	29.5	25.0
Exports, total	25.2	9.4	.5	1.1	.8
Net imports	.6	7.7	19.8	28.4	24.2

[1] Preliminary. [2] Until Dec. 31, 1963, part of the Federation of Rhodesia & Nyasaland.
Bureau of the Census.

Tung Oil Shipments From Buenos Aires Drop

October shipments of tung oil from Buenos Aires declined to 1,122 short tons from 1,420 tons in September. Only two-fifths of the total was indicated as destined for the United States—sharply below the proportion of a year ago as well as that of recent months.

Cumulative shipments in the August-October period of the current marketing year, at 2,769 tons, were nearly 1,000 tons or one-fourth below those of the same period last year.

TUNG OIL SHIPMENTS FROM BUENOS AIRES[1]

Origin and destination	September 1965[2]	October 1964	October 1965[2]	August-October 1964	August-October 1965[2]
Argentina:	*Short tons*	*Short tons*	*Short tons*	*Short tons*	*Short tons*
To United States	316	275	---	1,252	316
To other countries[3]	435	602	655	1,765	1,212
Total	751	877	655	3,017	1,528
Paraguay:					
To United States	661	506	459	726	1,225
To other countries[3]	8	---	8	12	16
Total	669	506	467	738	1,241
Total:					
To United States	977	781	459	1,978	1,541
To other countries[3]	443	602	663	1,777	1,228
Grand total	1,420	1,383	1,122	3,755	2,769

[1] Presumed to represent virtually all the tung oil exported from Argentina and Paraguay. [2] Preliminary. [3] Largely to West European countries.

Compiled from shipments data, Boletín Marítimo, Buenos Aires.

U.S. Exports of Soybeans, Edible Oils, Cakes and Meals

Exports of U.S. *soybeans* reached a record of 32.3 million bushels in October—2.8 million above the previous high of October 1964. Cumulative exports in the September-October period, however, were somewhat below those of the same period of 1964-65, reflecting a tight supply in September due to low availabilities of new-crop beans.

October exports of *edible oils* amounted to only 56.1 million pounds against a monthly average of about 165 million pounds exported in 1964-65. This was the lowest monthly volume exported since January 1963. The decline reflects reduced purchases of both soybean and cottonseed oils, chiefly by major markets.

Cake and meal exports in October, at 191,600 short tons, were 58,600 tons above those of September. Soybean meal exports accounted for about 75 percent of the October total, compared with about 90 percent of total U.S. cake and meal exports in 1964-65.

U.S. EXPORTS OF SOYBEANS, EDIBLE OILS, AND OILSEED CAKES AND MEALS

Item, country of destination and unit	October 1964[1]	October 1965[1]	September-October 1964-65[1]	September-October 1965-66[1]
SOYBEANS				
Japan ---mil. bu.	5.5	8.4	8.2	10.2
Canada ---do---	6.1	5.2	7.9	6.0
Germany, West ---do---	4.8	4.2	6.1	4.6
Netherlands ---do---	4.6	3.2	6.4	3.9
Italy ---do---	1.3	2.5	1.8	2.5
Other ---do---	7.2	8.8	10.2	9.9
Total ---do---	29.5	32.3	40.6	37.1
Oil equiv. ---mil. lb.	324.0	354.6	446.2	407.6
Meal equiv. ---1,000 tons	693.4	758.8	955.0	872.5
EDIBLE OILS	October 1964[1]	October 1965[1]	October-September 1963-64[1]	October-September 1964-65[1]
Soybean:[2]				
Spain ---mil. lb.	33.1	---	---	231.4
Pakistan ---do---	---	---	119.9	188.8
India ---do---	---	.7	.2	130.5
Morocco ---do---	---	3.3	45.9	76.1
Iran ---do---	6.2	13.3	71.1	70.4
Greece ---do---	6.6	---	16.5	51.4
Israel ---do---	2.1	---	20.7	42.6
Argentina ---do---	---	---	(6)	40.1
Canada ---do---	2.3	1.8	31.3	39.0
Turkey ---do---	30.5	---	106.3	34.6
Other ---do---	29.4	12.5	674.7	273.6
Total ---do---	110.2	31.6	1,086.6	1,178.5
Foreign donations[4] ---do---	---	5.7	[5]18.7	[5][6]166.3
Total soybean oil ---do---	110.2	37.3	1,105.3	1,344.8
Cottonseed:[2]				
Germany, West ---do---	11.7	1.8	110.6	144.2
United Arab Republic ---do---	---	---	77.0	60.6
Netherlands ---do---	.7	2.7	69.6	52.3
Iran ---do---	.7	1.5	32.0	48.8
Canada ---do---	3.2	4.7	32.9	43.4
Mexico ---do---	---	1.7	2.1	41.8
Morocco ---do---	---	---	6.6	36.1
Venezuela ---do---	2.0	3.8	27.2	29.2
Pakistan ---do---	---	---	29.7	20.7
India ---do---	---	---	---	16.4
Vietnam ---do---	2.2	---	.9	8.4
Other ---do---	14.9	1.9	165.5	58.0
Total ---do---	35.4	18.1	554.1	559.9
Foreign donations[4] ---do---	11.1	.7	[5]29.7	[5][6]79.1
Total cottonseed oil ---do---	46.5	18.8	583.8	639.0
Total oils ---do---	156.7	56.1	1,689.1	1,983.8
CAKES AND MEALS				
Soybean:				
France ---1,000 tons	23.9	29.8	247.0	358.4
Germany, West ---do---	21.5	12.7	160.9	300.7
Canada ---do---	25.7	18.3	210.3	249.4
Netherlands ---do---	21.5	20.3	141.1	245.2
Belgium-Luxembourg ---do---	13.8	8.9	126.3	177.0
Italy ---do---	14.4	10.1	74.4	143.2
Denmark ---do---	9.5	8.5	93.1	110.9
Yugoslavia ---do---	---	---	77.6	108.9
Spain ---do---	13.6	---	161.1	77.9
Other ---do---	10.8	36.6	186.7	264.4
Total ---do---	154.7	145.2	1,478.5	2,036.0
Cottonseed ---do---	12.7	23.7	54.3	138.8
Linseed ---do---	12.4	21.8	61.3	72.8
Total cakes and meals[7] ---do---	179.8	191.6	1,598.4	2,267.7

[1] Preliminary. [2] Includes Titles I, II, III, and IV of P.L. 480, except soybean and cottonseed oils contained in shortening under Title II. Excludes estimates of Title II exports of soybean and cottonseed oil not reported by Census. [3] Less than 50,000 pounds. [4] Title III, P.L. 480. [5] Estimated by USDA, includes salad oil and oil in shortening. [6] October-December estimated by USDA. [7] Includes peanut cake and meal and small quantities of other cakes and meals.

Compiled from Census records and USDA estimates.

NOTE: Countries indicated are ranked according to quantities taken in the current marketing year.

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF AGRICULTURE

To change your address or stop mailing, tear off this sheet and send to Foreign Agricultural Service, U.S. Dept. of Agriculture, Rm. 5918, Washington, D.C. 20250.

Fishmeal Production and Exports by FEO Members

Fishmeal production by the six member countries of the Fishmeal Exporters Organization (FEO) in the first three quarters of 1965 was 5 percent below that of the corresponding period in 1964. In the same period, fishmeal exports declined by only 2 percent. To be comparable, these data exclude Angola's production and export statistics for the month of September in both years. These are not yet available for 1965.

The decline in production is largely due to reductions in Peruvian and Chilean output, which were only partly offset by increases in Norway and South Africa. The fact that exports registered only a slight decline indicates a significant depletion of stocks, notably in Peru.

PRODUCTION AND EXPORTS OF FISHMEAL BY FEO COUNTRIES

Country	Production		Exports	
	1964	1965	1964	1965
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*
Angola	[1] 35.7	[1] 26.6	[1] 37.1	[1] 30.1
Chile	109.7	51.7	108.4	59.9
Iceland	99.9	105.7	89.2	94.9
Norway	154.3	253.7	139.8	170.7
Peru	1,065.7	910.1	1,120.8	1,105.9
South Africa	236.8	261.2	173.3	174.9
Total	[1] 1,702.1	[1] 1,609.0	[1] 1,668.6	[1] 1,636.4

[1] Does not include Angola data for September.
Fishmeal Exporters' Organization, Paris.

Argentine Flaxseed Production Down

Argentina's official "pre-estimate" provisionally places 1965-66 flaxseed production at 27.6 million bushels—a decline of 14 percent from the 32.1 million bushels produced last year.

Most of the decline is attributed to drought conditions in Córdoba and Sante Fe Provinces, where production is estimated to be down 76 and 45 percent respectively. Total seeded area was 3.2 million acres, 11 percent more than that of a year earlier.

Japanese Imports of Soybeans, Meal, Safflower

Japan's imports of soybeans and soybean meal during January-October 1965 increased sharply from those in the comparable period last year, but imports of safflowerseed declined.

Soybean imports rose to 1.5 million metric tons (55.6 million bu.), up 15 percent from those of January-October 1964. Imports from the United States, at almost 1.2 million tons (42.7 million bu.), were up 9 percent.

Imports of soybean cake and meal—virtually all from the United States—totaled 29,774 tons, 2.4 times the amount imported last year.

Safflowerseed imports, also largely from the United States, declined to 84,205 tons this year from 156,031 tons during January-October 1964.

JAPAN'S IMPORTS OF SOYBEANS, SAFFLOWERSEED, SOYBEAN MEAL

Commodity and major source	1964	January-October	
		1964	1965
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*
Soybeans	1,607.2	1,320.8	1,512.8
United States	1,322.5	1,071.4	1,162.9
Safflowerseed	199.4	156.0	84.2
United States	198.2	154.9	83.4
Soybean cake and meal	13.3	12.5	29.8
United States	13.2	12.5	29.7

WORLD CROPS AND MARKETS INDEX

Cotton
13 Greece Announces New Cotton Subsidy Program

Dairy and Poultry Products
13 West Germany Importing Less Cheese and Butter

Fats, Oilseeds and Oils
14 India's Castor Oil Exports Decline
14 Tunisian Olive Oil Exports Increase
14 United States Reduces Tung Oil Imports
15 Tung Oil Shipments From Buenos Aires Drop
15 U.S. Exports of Soybeans, Edible Oils, Cakes and Meals
16 Fishmeal Production and Exports by FEO Members
16 Argentine Flaxseed Production Down
16 Japanese Imports of Soybeans, Meal, Safflower

Grains, Feeds, Pulses, and Seeds
13 Chile Anticipates Small Harvest of Export-Type Beans
14 Another Short Lentil Crop Forecast in Chile

Sugar, Fibers, and Tropical Products
13 Commonwealth Sugar Agreement Extended
13 Iran Attempts Sugarbeet Expansion

Tobacco
14 Ontario's Flue-cured Auction Prices Strong

PAID
ICULTURE

ns (55.6
-October
2 million

all from
imes the

e United
156,031

RSEED,

-October 1965
1,000 metric tons
1,512.8
1,162.9
84.2
83.4
29.8
29.7

n Agriculture